



State of Utah

Department of
Natural ResourcesMICHAEL R. STYLER
Executive DirectorDivision of
Oil, Gas & MiningJOHN R. BAZA
Division DirectorJON M. HUNTSMAN, JR.
GovernorGARY R. HERBERT
Lieutenant Governor

Representatives Present During the Inspection:

Company David Shaver Manager

Company Gary E. Gray Resident Agent

OGM Pete Hess Environmental Scientist III

Inspection Report

Permit Number: C0070033

Inspection Type: COMPLETE

Inspection Date: Tuesday, August 21, 2007

Start Date/Time: 8/21/2007 11:00:00 AM

End Date/Time: 8/21/2007 2:18:00 PM

Last Inspection: Tuesday, August 07, 2007

Inspector: Pete Hess, Environmental Scientist IIIWeather: Mostly sunny, some haze. 90's F.InspectionID Report Number: 1377Accepted by: dhaddock *OK*

9/12/2007

Permittee: **ANDALEX RESOURCES INC TOWER DIVISION**Operator: **ANDALEX RESOURCES INC TOWER DIVISION**Site: **WILDCAT LOADOUT**Address: **6750 AIRPORT RD, PO BOX 902 PRICE UT 84501**County: **CARBON**Permit Type: **PERMANENT COAL PROGRAM**Permit Status: **ACTIVE**

Current Acreages

100.00	Total Permitted
63.70	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☒ Federal
☐ State
☐ County
☐ Fee
☐ Other

Types of Operations

- ☐ Underground
☐ Surface
☒ Loadout
☒ Processing
☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The Permittee's qualified water monitoring person notified the Division on July 19, 2007 that the second quarter of 2007 surface water monitoring information for the UtahAmerican Wildcat Loadout was in the Division EDI pipeline and same was acceptable for uploading. The Permittee continues to meet the Special Condition included as Attachment "A" of the current State permit, which remains in effect until May 5, 2009.

The Division is currently reviewing the Permittee's response to Division Order DO-04, which is relative to design drawings and specifications. There are no other pending compliance actions.

Inspector's Signature:

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Date Wednesday, August 22, 2007

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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Inspection Continuation Sheet

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4.a Hydrologic Balance: Diversions

The Permittee notified the Division on August 7, 2007 that the Wildcat site had received several rainfall events during the PM hours of August 6, between 1 PM and 11 PM. The Division conducted a partial inspection of the site to observe damage and collect data. Examination of the precipitation record which is maintained in the truck scales trailer indicated that three separate events during the 10 hour period deposited amounts of 1.15 inches (in less than 1 hour), 0.2 inches during the second event (during the second hour), and 0.75 inches at about 11 PM (45 minute duration), for a total of 2.1 inches during the 10 hour period. Only two diversions at the site received significant damage. These were the 18 inch full round corrugated spillway separating the upper and lower cells of the permanent impoundment (west side) and the 24 inch half-round inlet diversion into pond "E" identified as D-1 on Plate 2. The outlet of the 18 inch CMP separating the permanent impoundment cells received extensive erosion, as did the D-1 diversion. Both diversions had been repaired by today's inspection. The Permittee is considering armoring both areas such that future erosive action by high intensity storms is minimized.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The second quarter of 2007 impoundment inspections for the site's six sediment ponds, the permanent impoundment and the depression area were performed by Mr. Dan Guy, P.E. of Blackhawk Engineering Company on June 12, 2007. There were no hazardous conditions noted for any impounding structure. Ponds A through F were last cleaned in March of 2006. As observed this day, ponds A, C, D, E and F contained water. As noted above, 2.1 inches of rainfall were recorded at this site on August 6, 2007. Pond "E" discharged to Wildcat Wash during that event. This is the first outfall to have ever occurred at this site, from any of the ponds. No sample of the pond "E" outfall was taken to monitor for settleable solids due to its occurrence during late evening and the short duration of the discharge.

4.d Hydrologic Balance: Water Monitoring

Wildcat Wash showed signs of flow from the previous night on August 7, 2007; no flow was observed in that undisturbed channel this day.

4.e Hydrologic Balance: Effluent Limitations

A review of the discharge monitoring reports for June of 2007 (submitted July 13, 2007) indicated that none of the ponds discharged during the monthly monitoring period.

7. Coal Mine Waste, Refuse Piles, Impoundments

The second quarter 2007 inspection and P.E. certification for the waste rock disposal area was conducted by Mr. Dan Guy on June 12, 2007. No hazards were reported and the pile appears stable. As observed this day, no water was impounding, not was there any indication of water reporting over the outslope. Equipment safety berms are in place; the MSHA pile identification plan is in place. The 100 year 6 hour diversion ditch at the toe of the west slope is clear and capable of functioning as designed.

9. Protection of Fish, Wildlife and Related Environmental Issues

The spill prevention control and countermeasure plan for the Wildcat site was last reviewed during November 2006. Mr. Dan Guy, Utah registered professional engineer, certified the plan at that time.

20. Air Quality Permit

The sites operational primary roads were very dry. Mr. Gray indicated that the water truck had been in the repair shop but that watering would be initiated as soon as possible. Water applications were being made on the west side roads and in the depression area prior to the close of today's inspection. The hot temperatures which are being experienced throughout Utah make road watering a continually needed effort.

21. Bonding and Insurance

The general liability insurance for this site remains in effect through June 1, 2008. Coverage for damage incurred from the use of explosives is provided. Coverage amounts for general aggregate and each occurrence categories are adequate. The modified cancellation clause noted on the insurance form meets the requirements of R645-890.